

Message Text

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PAGE 01 BANGKO 15494 261337Z

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ACTION EB-11

INFO OCT-01 EA-11 ISO-00 NSC-07 NSCE-00 AGR-20 CIAE-00

COME-00 INR-11 LAB-06 NSAE-00 RSC-01 SP-03 STR-08

TRSE-00 SWF-02 CIEP-03 FRB-03 OMB-01 L-03 DODE-00

PA-04 USIA-15 PRS-01 DRC-01 /112 W

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R 260921Z SEP 74

FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 7094

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CIEP FOR MR. JURICH

E.O. 11652: N/A

TAGS: EPAP, TH

SUBJECT: TEXTILE NEGOTIATIONS

REF: BANGKOK 5946

1. TEXTILE INDUSTRY SPOKESMEN HAVE SOUGHT VIA THE PRESS OVER RECENT MONTHS TO DRAW ATTENTION TO GROWING TEXTILE INVENTORIES AT SAME TIME THAT INDUSTRY WAS INDUCED BY GOVERNMENT TO RETAIN WORKERS DESPITE OVER PRODUCTION AND TO INCREASE WAGES TO A DAILY MINIMUM OF 20 BAHT (U.S. ONE DOLLAR). INDUSTRY OFFICIAL SEPTEMBER 14 WAS REPORTED BY PRESS AS STATING THAT TEXTILE MANUFACTURERS WOULD BE FORCED TO CUT PRODUCTION BY 25-30 PERCENT. EXPORTS HAVE DROPPED SHARPLY ACCORDING TO OTHER SOURCES. AN IMPROVED OUTLOOK IS EXPECTED BY MID-1975. "BANGKOK POST" SEPTEMBER 25 REPORTED THAT FINANCE MINISTER TOLD CABINET "MAJOR LAY-OFFS ARE IMMINENT" IN THE TEXTILE INDUSTRY AND THAT THE GOVERNMENT SHOULD CONSIDER ALLEVIATING MEASURES.

2. IN ADDITION TO THESE GROWING ECONOMIC DIFFICULTIES,
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PAGE 02 BANGKO 15494 261337Z

THAILAND IS ALSO WRESTLING WITH THE PROBLEMS OF WRITING

A NEW CONSTITUTION AND WITH HOLDING ON FEBRUARY 1, 1975, THE FIRST NATIONAL ELECTIONS SINCE 1968. CONSEQUENTLY, A PERIOD OF TIME WILL ELAPSE EVEN AFTER FEBRUARY 1 BEFORE THE NEW GOVERNMENT HAS BEEN FORMED AND THE NEW CABINET HAS DEVELOPED A MODICUM OF EXPERIENCE.

3. UNDER THESE CIRCUMSTANCES, IT WOULD BE HIGHLY UNREALISTIC, AS WELL AS UNWISE IN EMBASSY'S OPINION, TO PRESS RTG TO RESUME NEGOTIATIONS FOR A BILATERAL TEXTILE AGREEMENT BEFORE THE END OF THE AGREEMENT YEAR IN MARCH 1975. IN ADDITION, TO INSIST ON HOLDING THE NEGOTIATIONS BEFORE THE END OF MARCH 1975 WOULD CONFLICT WITH A STATED OBJECTIVE OF USG TEXTILE POLICY, NAMELY, TO ASSIST DEVELOPING COUNTRIES SUCH AS THAILAND IN PROMOTING ECONOMIC DEVELOPMENT VIA THE TEXTILE INDUSTRY. THE THAI LEVEL OF EXPORTS TO THE U.S. FOR THE PREVIOUS 12 MONTHS BEFORE MARCH 1975 IS LIKELY TO BE SO LOW AS TO RESULT IN A HIGHLY DISADVANTAGEOUS HISTORICAL BASE MARKEDLY BELOW THE LEVEL THAT WOULD HAVE BEEN AGREED UPON IF THE NEGOTIATIONS HAD BEEN CONCLUDED IN 1974.

4. UNDER THESE CIRCUMSTANCES EMBASSY STRONGLY URGES THAT NEGOTIATIONS BE POSTPONED TO MARCH 1976. IN THE MEANTIME, IT IS ALSO RECOMMENDED THAT IMPORTS INTO THE UNITED STATES OF THAI TEXTILES BE CONTINUED UNDER THE CONDITIONS AGREED UPON IN MAY 1974.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MEETING AGENDA, TEXTILES, TRADE AGREEMENTS, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 26 SEP 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: izenbei0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974BANGKO15494
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740271-0864
From: BANGKOK
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740913/aaaaakmg.tel
Line Count: 88
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: BANGKOK 5946
Review Action: RELEASED, APPROVED
Review Authority: izenbei0
Review Comment: n/a
Review Content Flags:
Review Date: 13 AUG 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <13-Aug-2002 by kelleyw0>; APPROVED <05 MAR 2003 by izenbei0>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: TEXTILE NEGOTIATIONS
TAGS: EPAP, TH, US
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005